

ARTHUR ANDERSEN

Elizabeth
Sullivan

To: Distribution

From: Richard A. Gordon, OFTS

Date: April 8, 1999

Subject: Microsoft Singapore ROC - Royalty Rate

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PREPARED UNDER DIRECTION OF LEGAL COUNSEL**

This memorandum addresses the issue of a royalty rate to be paid by Microsoft's Regional Operations Center ("ROC") in Singapore for the right to reproduce and sell software products developed by Microsoft Corporation ("MS Corp.") in the United States. It is our understanding that, once operational, the Singapore ROC will replicate/reproduce and sell software products localized for the Far East markets in lieu of Microsoft and its subsidiaries in Japan, Korea, China, and Taiwan. An evaluation of the issue suggests that the Singapore ROC should pay a royalty rate between 35 percent and 45 percent on sales of finished software products. Within this range, the royalty rate to be paid depends on two factors: (1) the code of the software products, as either double-byte or single-byte software; and (2) the distribution channel of the products for Full Packaged Product ("FPP"), Microsoft Open License Product ("MOLP"), or Select software products.

This recommendation is based on the current royalty rate paid by Microsoft's Far East subsidiaries for the right to reproduce and sell software products in each entity's respective markets. Currently, Microsoft's Far East subsidiaries pay MS Corp. a royalty between 35 percent and 45 percent on sales of finished goods, depending on the software code and the distribution channel. This rate was developed through various CUP and CUTM analyses.

The 35 to 45 percent royalty rate paid by Microsoft's Far East subsidiaries is supportable under two different methods of comparable software licensing agreement analyses. The first method of analysis examined the implicit royalty rate paid by OEMs in the Far East for the right to reproduce, sell, and support Microsoft's proprietary products. These rights purchased by OEMs are essentially analogous to those that would be granted to the Singapore ROC. The prices that the OEMs pay MS Corp. expressed as a percentage of the average Far East distributor price is essentially the implicit royalty the OEMs pay for the right to reproduce and sell Microsoft software.

Specifically, the average price per software license by product family for products sold through the OEM channel was computed. These prices were compared to prices charged by Microsoft in the finished goods FPP distribution channel. The royalty rates derived from sales to OEMs in the Far East over the 1996-1997 period ranged from an interquartile minimum of 16.21 to a

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**Government
Exhibit**

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maximum of 46.79 percent, with a median of 25.27 percent.¹ Note, however, that the average royalty rates (weighted by volume of license agreements and sales) are 40.06 percent and 53.96 percent, respectively. (See Attachment One for details of analysis) Thus, the proposed 35 to 45 percent royalty falls within an arm's-length range.

In addition, we also considered the royalty rates exhibited in software licensing agreements among unrelated (non-Microsoft) parties. To perform a CUTM analysis based on third-party agreements, we searched for comparable licensing agreements between (non-Microsoft) third-parties. The search attempted to identify agreements with terms that are similar to those in the arrangement between Microsoft and its affiliates. That is, these agreements should include terms relating to the licensing of rights to manufacture, reproduce, market, sell, distribute, and otherwise use proprietary software developed by third parties or the licensor of the agreement.

To identify comparable third-party agreements licensing the right to manufacture, market, and distribute proprietary software, one database containing publicly available information on U.S. companies was searched.² Such agreements are normally listed in the corporate exhibits section of public document SEC filings. The strategy employed in this search involved a combination of SIC code and keyword searches. Companies classified under relevant SIC codes and those with relevant keywords in their short descriptions of business and corporate exhibits were identified as potentially entering into such agreements.

To identify comparable third-party licensing agreements, a search for companies classified under the following SIC codes were identified:

- 3695 Manufacture of Magnetic and Optical Recording Media
- 5045 Wholesale Distribution of Computers and Computer Peripheral Equipment and Software
- 5734 Computer and Computer Software Stores
- 7371 Computer Programming Services
- 7372 Prepackaged Software
- 7373 Computer Integrated Systems Design
- 7379 Computer Related Services Not Elsewhere Classified

¹ Prepared by Nancy Perks for the 1997 6662 study for MS Corp. It is not clear at this time if the OEM royalty rates for the Far East reflect exclusively double-byte software or if sales of single-byte software are included in the analysis.

² Agreements involving non-U.S. companies are not readily available to the public. Thus, a search for license agreements involving non-U.S. firms was not performed. This search was performed on Disclosure Inc.'s CompactD database. Searches for comparable firms in the United States were also performed since comparable firms could not be identified in the Far East.

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The search was broadened to include companies with the following keyword in their short description of business: *Software?*. Next, the entire pool of firms identified was narrowed to include only those companies with one or more of the following keywords in their list of corporate exhibits: *Commission?*, *Distribut?*, *Duplicat?*, *License?*, *Manufacture?*, *Market?*, *Reproduc?*, *Sale?*, or *Sell?*

The search resulted in the identification of 500 firms with one or more agreements in their list of corporate exhibits. The short descriptions of the agreements listed for the 500 firms were reviewed to determine their potential comparability. The review resulted in 83 new agreement descriptions that indicate the licensing of the right to reproduce, distribute, and/or market software or similar products. The actual agreements were then reviewed in detail to confirm their comparability. Twelve comparable license agreements were identified in this search.³

In addition to the twelve new agreements, we included 63 previously identified license agreements in the set of comparable agreements for analysis. These 75 agreements license the right to manufacture, reproduce, market, distribute, or otherwise use software. Many of the agreements also specify the right to publish related manuals and other printed materials. Most of the agreements also indicate that the licensor provides a certain level of technical support, training, or other forms of assistance. None of the agreements, with the exception of one agreement, involve double-byte software.⁴

The interquartile range of royalty rates specified in software licensing agreements between third parties extended from a minimum of 20 percent to a maximum of 50 percent, with a median of 25 percent. These agreements, however, may not be exactly comparable to the licensing arrangement between MS Corp. and the Singapore ROC for several reasons. For example, these third party agreements stipulate that the licensor may provide extensive support, the licensee can receive installation or maintenance fees, the software may be large systems oriented, or the software is not double-byte software. The results, however, provide guidance with respect to the range of royalties paid by unrelated parties for the right to reproduce and sell software. (See Attachment Two for list of third-party licensing agreements)

³ Note: License agreements were rejected for one or more of the following reasons: [1] they do not involve licensing the right to manufacture, market, and/or distribute software products; [2] they request confidential treatment of relevant licensing terms (such as royalty rates); or [3] insufficient information is available to determine their comparability.

⁴ The agreement between Virtual Reality Laboratories (licensor) and A.I. Soft (licensee) involved the licensing of rights to reproduce and distribute box-top software in Japan. The licensee must localize the software into Japanese. The royalties specified in this agreement range from 18 to 26 percent (royalties decline as sales increase). While this agreement involves double-byte software, the licensee is responsible for bearing the cost and risk of localizing the licensor's software.

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Finally, the royalty rates paid by MS Corp. to various unrelated third parties in 54 licensing agreements were examined. The interquartile range of these arrangements extended from a minimum of 6.6 percent to a maximum of 15 percent, with a median of 10 percent.⁵ These agreements also may not be exactly comparable because many of the royalty rates are applied to finished products that incorporate the licensed product. For example, MS Corp. may enter into an agreement to license the right to use a Spanish language version of a dictionary that is incorporated into a finished application and the royalty payments are based on sales of the finished application.

The recommendation of a 35 percent to 45 percent royalty rate to be paid by the Singapore ROC to MS Corp. is based on the assumption that the royalty rates determined in the Far East OEM analysis reflect the same mix of software products that will be reproduced and sold by the Singapore ROC. The results of the Far East OEM royalty rate analysis may represent a mix of both double and single-byte software. In addition, while we did not address a profits based analysis in this memorandum, which should be prepared to consider the application of such a method for this transaction. We anticipate performing this analysis in conjunction with the 6662 documentation analysis, once the results of the first year of operations are available.

Attachments

Distribution: Roger Newman, Microsoft Corporation
Pat Harrell, Microsoft Corporation
Tracy Neighbors, Microsoft Corporation
Nancy Perks, Microsoft Ltd.
Gerald M. Godshaw, Arthur Andersen LLP - OFTS
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⁵ Prepared by Microsoft for 1997 transfer pricing study.

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Microsoft Corporation - Eastern Silo
Attachment One
Analysis of OEM Royalty Rates for Far East - 1996-1997

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Product Family	FY97				FY96				Sales Licenses	AVG Price Per Copy	Retail 2YR AVG Price Per Copy	OEM Royalty	Ad Avg by Lic Cou	Weighted Avg by Sales
	MS Sales Amount	MS Sales Licenses	MS Sales Amount	MS Sales Licenses	MS Sales Amount	MS Sales Licenses	MS Sales Amount	MS Sales Licenses						
Creative Writer					7,064	883	243,871	5,343		8.00	45.64	17.53%	936	42,744
Excel					2,572,300	51,422	22,069,819	127,812		50.02	172.67	28.97%	37,027	6,393,583
Fine Artist					174,110	42,203	212,465	4,730		4.13	44.92	9.18%	434	19,514
Golf	28,077	10,741	665,543	9,466	275,623	65,507	3,095,156	41,140		3.98	74.31	5.36%	2,712	201,566
Lan Manager Client	1,240	31	110,405	520	9,760	244	291,500	1,240		40.00	228.36	17.52%	308	70,400
Office	1,528,540	11,758	52,309,324	197,958	1,225,900	9,430	52,337,497	188,514		130.00	270.77	48.01%	185,547	50,241,360
Powerpoint	280	4	1,026,763	10,624	27,380	395	1,298,982	7,688		69.32	127.01	54.58%	9,995	1,269,448
SQL Server					12,384	8	7,057,305	8,447		1548.00	835.48	185.28%	15,651	13,075,956
Video for Windows	46,765	1,343	70,398	650	143,785	4,488	383,980	3,173		33.02	118.85	27.78%	1,062	126,242
Windows	28,350,602	1,112,969	2,507,049	27,393	73,750,604	3,259,262	4,494,867	44,383		23.35	97.55	23.94%	17,182	1,676,127
Windows 95	354,013,399	6,842,635	15,871,078	155,932	150,032,592	3,318,010	12,333,556	89,374		49.61	114.98	43.15%	105,839	12,169,061
Windows NT Server	11,967,129	29,211	62,628,628	117,816	6,833,995	16,945	14,336,137	23,499		407.34	544.63	74.79%	105,692	57,563,066
Windows NT Workstat	12,878,377	109,898	32,166,997	184,425	3,279,414	21,509	8,622,756	45,047		122.96	177.75	69.17%	158,735	28,215,853
Word	1,749,265	274,843	5,910,234	88,622	1,481,919	215,469	5,184,957	45,888		6.59	82.49	7.99%	10,746	886,429
Works	5,791,331	415,896	840,130	19,838	7,711,354	595,085	3,272,276	57,962		13.36	52.86	25.27%	19,658	1,039,099
Macro Assembler	210	3	100,633	374	1,120	16	201,936	659		70.00	292.90	23.90%	247	72,310
Professional C	1,820	26	630,557	1,187	5,460	78	1,743,468	2,984		70.00	569.17	12.30%	513	291,970
Visual C++ Standard	2,880	64	4,874,586	33,202	9,855	219	997,032	3,235		45.00	161.14	27.93%	10,175	1,639,665
Windows SDK					25,150	503	215,649	1,079		50.00	199.86	25.02%	270	33,950
MS Plus!	548,957	132,163	7,778,353	211,649						4.15	36.75	11.30%	23,921	879,112
MS-DOS	5,843,266	380,612	334,548	5,626						15.35	59.46	25.82%	1,452	86,372
	422,752,137	9,322,197	187,825,225	1,065,282	247,581,769	7,601,676	138,393,210	702,197					708,103	176,013,827

Weighted Average 40.06% 53.96%

Minimum 5.36%
1st Quartile 16.21%
Median 25.27%
3rd Quartile 46.79%
Maximum 185.28%

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Microsoft Corporation - Eastern Silo
Attachment Two
Comparable Software Manufacture and Distribution Agreements (Third-Party)

#	Licensor	Licensee	Product	Activity	Items Licensed	Date/Term	Territory	Royalty or Payment	End-User Support Services		Marketing/Promotion		Training/Internal Support
									By Licensor	By Licensee	By Licensor	By Licensee	
1	Group 1 Software Inc.	Kingly Computer Corp. Ltd.	Computer software products	Right to reproduce and sublicense software products to end-users for internal purposes	Master copy (in source code); technical information package; and corrections, modifications, improvements and enhancements	9/7/89 2 years & 3 months, year to year thereafter	United Kingdom	50% of license and maintenance fees in the fee list	Not discussed	Not discussed	Will provide camera-ready copies of promotional material	Will conduct diligent advertising and promotion	Will provide sales and technical training for up to 5 employees for Licensee
2	American Express Intl. Banking Corp.	TSR Inc.	Computer software system for data processing	Right to reproduce, market, distribute, and license the product to end-users	Object codes, source codes and tables; and documentation (specifications, operator manuals, and instructions)	3/21/85 6 years	United States and other territories, as authorized	Initial fee is \$1,020,000 plus royalty of 10% of sum of license fee and any other fee charged to end-users	Not discussed	Not discussed	No obligation to maintain or support the product	Responsible for marketing and distribution	Not discussed
3	G.P. Systems Corp.	Unicomp Inc.	Trak Management System program	Reproduce software, print copies of documentation, market, distribute, and modify program	Source code, object, series of instructions or statements and all updates, enhancements, modifications, new versions or releases, and related documentation	1/28/86	Worldwide	After first 25 licenses, the royalty will be 25% of all amounts paid to Licensee by Qualified Dealers	Not discussed	Not discussed	Not discussed	Will exercise best efforts to establish and maintain a distribution system through Qualified Dealers; furnish annual report on its marketing efforts	Will respond to questions by telephone and fix bugs in the program (for the 1st year)
4	Group 1 Software Inc.	Kingly Computer Corp. Ltd.	Computer software products	Right to reproduce and sublicense the software products to end-users for internal purposes	Master copy (with source code) for reproduction; technical information package; and corrections, modifications, improvements, and enhancements	2/1/89 18 months if exclusive, 1 year from date of non-exclusivity (and year to year thereafter) if non-exclusive	Australia and New Zealand	50% of license and maintenance fees in the fee list (Licensee not obligated to charge according to list)	Will provide "Reasonable" sales and technical support by phone or fax	Will provide installation, technical support, problem resolutions, training, and assistance	Will provide camera-ready copies of promotional material	Will conduct diligent advertising and promotion	Will provide sales and technical training for up to 5 Licensee employees; additional training charged at current rates
5	Guardian Educational Systems Ltd.	Delta Management Systems Inc.	Database management software	Right to sublicense programs in machine readable form; to use support materials (specifications, manuals) to maintain and support programs; to translate, update, and modify programs	Support materials (human-readable program listings, flowcharts, logic diagrams, manuals, specifications, instructions and other materials); licensed programs in source code format	3/21/90 (term not addressed)	Not discussed	20% royalty on: net license price for programs sublicensed, annual maintenance fees received, support revenue, and hardware commissions	Not discussed	Not discussed	Not discussed	Not discussed	Not discussed

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Comparable Software Manufacture and Distribution Agreements (Third-Party)

#	Licensor	Licensee	Product	Activity	Items Licensed	Date/Term	Territory	Royalty or Payment	End-User Support Services		Marketing/Promotion		Training/Internal Support
									By Licensor	By Licensee	By Licensor	By Licensee	
6	INSCI Corp.	Bull HN Information Systems Inc.	COINS software	Right to use and sublicense to distributors; to use the software (including for internal use); to market, copy, display, distribute and demonstrate products	Computer programs (including object code on magnetic media and in human readable form, including improvements, enhancements, upgrades and revisions); information relating to the installation, design, use, testing, debugging; patent rights, trademarks	10/21/91 1 year with automatic 1 year renewals	Worldwide	Fee = \$39,000; Bull will pay to INSCI 60% of list price for all products sold	INSCI will train Bull in use of software	Not discussed	INSCI will provide marketing cooperation and assistance to Bull in countries in which INSCI has operations	Bull HN will make reasonable marketing efforts and may use INSCI trademarks	INSCI will provide maintenance services (fixing problems), updates and enhancements.
7	Intergraph Holding GmbH	Control Data Systems, Inc.	Computer-aided design software system	Non-exclusive right to use, modify, update, and reproduce the product; right to sublicense; right to distribute the product	Object code form; related end-user documentation; updates (improvements and corrections); and database definitions and application program interfaces.	1/1/93-12/31/97, or until terminated or abrogated	Worldwide	Royalty: 40% of Local list price (60% discount); VW Group royalties are German list price less 50%; Sublicensees, maintenance fees, and updates: 50% of revenues; Annual maintenance fees are \$30,000 for each product line	Will continue to develop products and product platforms	Not discussed	Both parties will market the products under their own names and in free competition with certain restrictions; will provide marketing materials and support at no cost at Licensee's request	Both parties will market the products under their own names and in free competition with certain restrictions	Will train Licensee on use of products at no charge for one training class; thereafter, training will be at Licensee's request and cost; will provide relevant documentation and manuals
8	Management Technologies, Inc.	Global Financial Systems, Inc.	ManTec System, a computerized banking system	(As amended) Right to market, sublicense, install, implement, modify and develop the products; Right to grant rights to a sub-agent; Right to copy software for distribution and development purposes (Non-Exclusive)	Master copy including object codes, source codes and data models and enhancements; use of trademarks; and user reference manuals	5/28/91 perpetual, until terminated or abrogated	Europe, Asia, Middle East, Africa, Australia, South and Central America, and Canada (Exclusive license in certain Eastern European countries is granted in amendment)	50% of all license revenues less commissions and fees (Royalty will be reduced to 10% in the event of the Licensor's bankruptcy)	May continue to develop products and provide these products to the Licensee. Both parties will negotiate the royalties to be paid for future updates. Both parties are responsible for support and maintenance on the products they have and are developing	Both parties are responsible for support and maintenance on the products they have and are developing	Will market the products in all regions. Will provide reasonable sale support and promotional materials to Licensee	May market the products only in the Territory using the Licensor's tradenames and marks in connection with the products	Not discussed

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#	Licensor	Licensee	Product	Activity	Items Licensed	Date/Term	Territory	Royalty or Payment	End-User Support Services		Marketing/Promotion		Training/Internal Support
									By Licensor	By Licensee	By Licensor	By Licensee	
9	Music Technology Associates	Midisoft Corp.	Computer software	Right to reproduce, market and distribute software; and publish manuals	Demonstration sample and one copy of master disk (in executable code only) and one copy of master documentation (hard copy and on disk)	8/4/92 2 years with automatic one year renewals	Worldwide	Royalty = the greater of (1) 25% of net sales; (2) 25% of portion of net sales accounted for by Music Tech. products; or (3) \$2.00-\$2.50 per unit	Music Tech. will repair any defects in source code, data or other product contents and will provide on-site training to Midisoft for customer support	Midisoft will provide all end-user support for products	Not discussed	Determined solely by Midisoft	Not discussed
10	Robert Woodhead Inc.	IJC Software Inc.	Virus detection software	Right to manufacture, publish, use, reproduce, display, market, sell, lease, or transfer copies of software	Source code, documentation, master copy, includes updates to program by Licensor	9/29/88 - 9/29/92 (with optional 4 year renewal)	Worldwide	10% (net revenues)	RWI will provide error correction and updates	Not discussed	Not discussed	Not discussed	Not discussed
11	Ross Greenberg & Software Concepts Design	Microcom, Inc.	Computer virus detection and elimination program	Right to manufacture, publish, use, reproduce, display, market, sell, lease, or transfer. Includes right to modify software and to sublicense	Source code, documentation (manual, specifications, ancillary materials), flow charts, other specifications	9/30/92 - perpetual	Worldwide	Fee = \$105,000; Royalty = 7.5% of sales (\$0-\$7.5 million annual sales); or 6% (>\$7.5 million annual sales) and 15% of revenue from OEM arrangements with third parties (who will bundle this software with other products)	Will be available for consultation and development assistance on updates	Not discussed	Not discussed	Determine solely by Licensee	Not discussed
12	RossData Corp.	George Koukis	Business related software	Right to use and modify software for customization purposes; reproduce and apply Ross' copyright, trademark, and other proprietary notices; support software	Source code and object code, documentation, all updates, copyright and trademark (solely in connection with marketing and distribution)	3 years	Australia, Korea, Hong Kong, Peoples Republic of China, Taiwan, Guam, Philippines, Singapore, Malaysia, India, Indonesia, and Thailand	60% of list price per copy; 35% of list price for maintenance	Will provide unlimited telephone support services w/ add'l training/support services at current rates, will provide bug fixes	Will provide maintenance and support to its customers	Not discussed	Must use best efforts to realize maximum sales potential	Training and support services at current rates, will provide bug fixes

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#	Licensor	Licensee	Product	Activity	Items Licensed	Date/Term	Territory	Royalty or Payment	End-User Support Services		Marketing/Promotion		Training/Internal Support
									By Licensor	By Licensee	By Licensor	By Licensee	
13	Ross Systems Europe N.V.	Sofiter S.P.A.	Business related software	Right to reproduce object and source code copies; sell software; and modify software for localization purposes	Documentation; source code and object code; use of trademark; modifications, additions, or changes; may use trademark for advertising	12/10/92 3 years	Italy, Vatican City, Republic of San Marino	40% of net sales for first \$100,000 net sales; 50% net sales thereafter	Will provide unlimited telephone support services	Will provide technical support, customer service and demonstrations to prospective customers; perform localization functions (translations of software and documentation)	Marketing and sales literature, provided at cost plus shipping	Must use best efforts to realize maximum sales potential	At request of Licensee and cost borne by Licensee, Licensor will provide technical and/or sales training, support and other related services
14	Ross Systems Europe N.V.	Computer Network Systems	Business related software	Right to reproduce products for purpose of distribution to end-users and to provide localization of software products	Software products in source code and object code format; documentation, updates, use of trademark	6/27/91 3 years with optional one year renewals	Exclusive in United Arab Emirates; non exclusive in Saudi Arabia, Kuwait, Oman, Bahrain, Egypt, Quatar	50% of list price per copy (except where multi-site or multi-systems discounts apply); 50% of list price for maint. fees	Will provide unlimited phone support to licensee free of charge, w addl. training/support services at current rates	Will provide all localization services for converting software, documentation and training manuals to local languages; technical support, customer service, demonstrations, maintenance; shall employ sufficient technical staff	Will provide marketing and sales literature	Shall employ sufficient sales personnel	Will provide non-phone training to licensee, charged hourly
15	Ross Systems Europe N.V.	Audhispania Consultores S.A.	Business related software	Right to reproduce products for purpose of distribution to end-users and to provide localization of software products	Software products in source code and object code format; documentation, updates, use of trademark	4/11/91 5 years with optional 1 year renewals	Spain and Portugal	50% of list price per copy (except where multi-site or multi-systems discounts apply); 50% of list price for maintenance fees	Will provide unlimited phone support to licensee free of charge, with additional training/support services at current rates	Will provide all localization services for converting software, documentation and training manuals to local languages; technical support, customer service, demonstrations, maintenance; shall employ sufficient technical staff	Will provide marketing and sales literature	Shall create a separate division dedicated to the sale of products; shall actively promote and provide sufficient staff	Yes, separately charged
16	Virtual Reality Laboratories	A.I. Soft	Distant Suns Vista Pro/J Distant Suns/J	Use, reproduce, sell and distribute Japanese version; Licensee will translate into Japanese and test final product	Software code and trademarks	1/1/95 3 years	Japan	0-2,000 units = 26% 4,000 units = 24% 6,000 units = 22% 8,000 units = 20% 10,000 units = 19% >10,000 units = 18% Base = Licensee sales	Not discussed	Licensee is primarily responsible for end-user support	Not discussed	Not discussed	Licensor will provide technical support to Licensee
17	Jean Armes & Lance Woeljen	Virtual Reality Laboratories	Formbuster	Reproduce, distribute and market products; may modify source code	Object code, source code and user's manual; enhancements	7 years	Worldwide	15% of gross receipts	Not discussed	Not discussed	Licensor will provide marketing or economic data to enhance sales	Licensee determines marketing, pricing and trade name of products	Licensor will repair errors in software; if Licensor does not correct errors, Licensee may correct

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Attachment Two
Comparable Software Manufacture and Distribution Agreements (Third-Party)

#	Licensor	Licensee	Product	Activity	Items Licensed	Date/Term	Territory	Royalty or Payment	End-User Support Services		Marketing/Promotion		Training/Internal Support
									By Licensor	By Licensee	By Licensor	By Licensee	By Licensor
18	Hypercube Engineering	Virtual Reality Laboratories	Fractal Flights Vista	Reproduce, distribute and market products; may modify source code	Object code, source code and user's manual; enhancements	7 years	Worldwide	<\$1,000,000 gross sales = 15% >\$1,000,000 gross sales = 20%	Not discussed	Not discussed	Licensor will provide marketing or economic data to enhance sales	Licensee determines marketing, pricing and trade name of products	Licensor will repair errors in software; if Licensor does not correct errors, Licensee may correct
19	Michael Smithwick	Virtual Reality Laboratories	Galileo (English and German versions only)	Reproduce, distribute and market products; may modify source code	Object code, source code and user's manual; enhancements	5 years	Worldwide	<2,000 units = 15% -4,000 units = 20% >4,000 units = 25% Base = gross receipts (minimum royalties)	Not discussed	Not discussed	Licensor will provide marketing or economic data to enhance sales	Licensee determines marketing, pricing and trade name of products	Licensor will repair errors in software; if Licensor does not correct errors, Licensee may correct
20	Forest Rim Technologies	Prism Solutions	Data Models for specific industries	Reproduce, sell and use products	Disquette for prefabricated data models, hard copy schematic diagrams of data models and modifications	5 years	Not discussed	50% of gross sales up to specified maximum amount net of tariff, duty, taxes and authorized development expense	Not discussed	Not discussed	Not discussed	Licensee is responsible for packaging and marketing materials	Licensor will provide updates and modifications to software
21	Cambridge Technology Group	Open Environment	ODE Software Tools	Use, duplicate and sublicense product	Source code, object code and trademarks	1/1/93 5 years	Worldwide	1% of net revenues, net of commissions, shipping, insurance, taxes,	Not discussed	Not discussed	Not discussed	Not discussed	Not discussed
22	Interactive Multimedia	Sports Associates	Blood Bowl v1.0	Use, develop, publish, manufacture, market and distribute product	Source code, artwork, computer graphics, statistical analog	3/2/95 3 years	Worldwide	10% of net cash receipts (up to \$625,000 in royalties), 7.5% of net cash receipts (up to \$750,000 in royalties), 5%	Not discussed	Not discussed	Not discussed	Marketing will be conducted in accordance with reasonable commercial efforts	Not discussed
23	Interactive Multimedia	Sports Associates	MicroLeague Baseball v5.0	Use, develop, publish, manufacture, market and distribute product	Source code, artwork, computer graphics, statistical analog	3/2/95 3 years	Worldwide	10% of net cash receipts (up to \$625,000 in royalties), 7.5% of net cash receipts (up to \$750,000 in royalties), 5%	Not discussed	Not discussed	Not discussed	Marketing will be conducted in accordance with reasonable commercial efforts	Not discussed
24	Resource Center Enterprises	National health Enhancement Systems	Health Risk Appraisal Software	Use, modify and sublicense product	Source code	5/22/87 2 years	Not discussed	50% of sublicense fees; 10% of fees collected by Licensee for customer form processing	Licensor will provide technical assistance to Licensee's customers	Not discussed	Not discussed	Licensee will use best efforts to market software at its sole discretion	Licensor will develop and provide data input format specifications, modifications, and technical support to
25	Compusolve	Hospitality Management Systems	HMS and RSVP computer programs	Reproduce, manufacture, distribute, transfer, enhance, modify and develop	Object, source and machine code, system, support and user manuals, master copy of program, marketing materials	7/14/89 perpetual	Worldwide	5% of net price less royalties, taxes, discounts, returns and bad debts	Not discussed	Not discussed	Licensor will provide marketing materials, customer lists	Not discussed	Not discussed

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EY-MC-WP-APAC-001149
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Microsoft Corporation - Eastern Silo
Attachment Two
Comparable Software Manufacture and Distribution Agreements (Third-Party)

#	Licensor	Licensee	Product	Activity	Items Licensed	Date/Term	Territory	Royalty or Payment	End-User Support Services		Marketing/Promotion		Training/Internal Support
									By Licensor	By Licensee	By Licensor	By Licensee	By Licensor
26	Hugh Haggerty	Sukus Computer	Personal Injury program	Use, sell, market, license, sublicense, reproduce, manufacture, distribute, transfer, enhance, modify and further develop product	Source, object and machine code, all documentation including end-user manuals; updates; trademarks and trade names	12/23/88 99 years	Worldwide	First two years, flat fees; 10% on net invoiced amount	Not discussed	Not discussed	Licensor will train Licensee's marketing and sales employees for first year; Licensor will provide telephone consulting for second year	Not discussed	Licensor will train Licensee's trainers and programmers for first year; Licensor will provide telephone consulting for second year
27	San Francisco Legal Systems and Christopher Visser	Sukus Computer	Evidence Master	Use, sell, market, license, sublicense, reproduce, manufacture, distribute, transfer, enhance, modify and further develop product	Source, object and machine code, all documentation including end-user manuals; updates; trademarks and trade names	11/16/88 99 years	Worldwide	20% of gross sales price; after 5 years, 0 royalties	Not discussed	Not discussed	Licensor will provide initial support for five days; will assist Licensee for 1 year after	Not discussed	Licensor will provide initial support for five days; will assist Licensee for 1 year after
28	Inference	Limbox	Computer software	Use, copy, distribute, transmit, publicly display, modify and create derivative works	Tape version	5/9/95 perpetual	Worldwide	Flat fees for first 2.5 years plus 3% of net revenues (up to \$2,000,000 for products incorporating software); 4% of net revenues (up to \$3,000,000); then royalty free	Not discussed	Not discussed	Not discussed	Not discussed	Not discussed
29	Inference	Brightware	CBR and Casepoint software	Manufacture, use and sublicense products	Binary code, reference manuals and improvements; trademarks	5/1/95 3 years	U.S., Canada and Mexico	50% of net revenues	Licensor provides 30 day end-user support; Licensor will provide Licensee forms for customer support programs; Licensor will compensate Licensee for selling such programs	Licensee will market Licensor's customer support program	Licensor will provide samples of sales and promotional materials	Licensee is responsible for all marketing activities	Not discussed
30	Brightware	Inference	ART, ART-IM, ART Enterprise (Development, client production and server production version)	Manufacture, use and sublicense products	Binary code, reference manuals and improvements; trademarks	5/1/95 3 years	(Exclusive) U.K., Austria, Germany and Switzerland; (Non-exclusive) rest of world exc. Canada, Mexico and U.S.	Initially, 40% of net revenues; then 50% of net revenues (minimum royalty requirements); plus 16%-25% of maintenance fees	Licensor provides secondary customer support	Licensee provides primary customer support and training	Licensor will provide samples of sales and promotional materials	Licensee is responsible for all marketing activities	Not discussed

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Confidential Treatment Requested by Ernst & Young LLP

Microsoft Corporation - Eastern Silo
Attachment Two
Comparable Software Manufacture and Distribution Agreements (Third-Party)

#	Licensor	Licensee	Product	Activity	Items Licensed	Date/Term	Territory	Royalty or Payment	End-User Support Services		Marketing/Promotion		Training/Internal Support
									By Licensor	By Licensee	By Licensor	By Licensee	By Licensor
31	Brightware	Inference	ART, ART-IM, ART* Enterprise (Development, client production and server production version)	Manufacture, use and sublicense products	Binary code, reference manuals and improvements; trademarks	5/1/95 3 years	Canada, Mexico and U.S.	50% of net revenues plus 20% of customer training fees	Licensor provides 30 day end-user support	Licensee will market Licensor's customer support program	Licensor will provide samples of sales and promotional materials	Licensee is responsible for all marketing activities	Not discussed
32	Harbinger EDI Services	Sprint International Communications	Switch software	Use, copy and sublicense product; can sell under own trademarks	Object code and related documentation; has option to license source code and trademark	7/27/90	U.S. and Canada	<\$4,000,000 = 40% >\$4,000,000 = 35% plus maintenance fees and Licensor service fees	Licensee will provide assistance as needed	Licensee provides primary support to customers	Licensor will provide marketing materials	Licensee will conduct adequate promotional activities	Licensor will provide all support to Licensee
33	Criterion Health Strategies	Healthdyne Information Enterprises	COPPS Console, Survey Tool and Information Warehouse	Market, sublicense, install and support products	Object code and updates	12/4/95	Worldwide	60% of the greater of the specified sublicense fee or the actual sublicense fee paid	Licensor provides second-level maintenance support	Licensee provides all maintenance support	Licensor will provide marketing materials; has right to review and authorize Licensee's marketing materials	Licensee will conduct adequate promotional activities	Not discussed
34	BancA	Hogan	Power 1 (v5.1.3 or later, IBM)	Market, use and sublicense	Source and object code and related documentation; updates	2/28/91 - 12/31/92	Not discussed	50% of applicable base license or maintenance fees; plus fees for sales of professional services	Licensee will provide assistance as needed	Licensee is responsible for providing end-user support	Licensor will cooperate with Licensee in all marketing matters; will provide copies of marketing	Licensee will cooperate with Licensor in all marketing matters	Licensor will provide extensive training
35	Pacific-Sierra Research/Typologics	Cray Computer	Vast-2	Sublicense, use, reproduce product	Object code	9/20/89 - 1/1/2009	Worldwide	Greater of fixed sublicense fees or 50% of sublicense fees if product is separately priced	Licensee will provide assistance as needed	Licensee is responsible for providing first-line maintenance	Not discussed	Not discussed	Licensor will provide updates and maintenance to Licensee
36	Chyron/Aurora Systems	Softimage	Liberty (2D computer software)	Sublicense, duplicate	Object code, documentation and updates	2/3/93	Worldwide	Lesser of 50% of Licensor's list price or \$8,500	Not discussed	Licensee is responsible for providing maintenance and support service	Licensor will provide marketing materials as needed	Licensee is responsible for marketing and soliciting customers	Licensor will provide technical documentation as needed
37	Comunicacion Integral Consultores	Chyron	Jaleo Composite (v1.6 and later), Jaleo Edit (v1.1 and later)	Copy, distribute, promote and market product; develop graphical interface and porting	Master tape, documentation and updates	9/22/94 - 12/31/97	Worldwide, except Spain	Minimum royalties plus 45% of net sales for 1995 and 1996 and 50% of net sales for 1997	Not discussed	Licensee is responsible for providing product support	Licensee will provide assistance as needed	Licensee is responsible for marketing product	Licensee will provide assistance as needed; Licensor will prepare and design all documentation and packaging
38	Byron Preiss	Macmillan Publishers	Interactive multimedia software	Manufacture, sell and distribute	Master copy	12/2/96 5 years	U.K. and Ireland	25% of net receipts	Not discussed	Not discussed	Licensor will provide copies of publicity material	Licensee is responsible for marketing product	Not discussed

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Microsoft Corporation - Eastern Silo
Attachment Two
Comparable Software Manufacture and Distribution Agreements (Third-Party)

#	Licensor	Licensee	Product	Activity	Items Licensed	Date/Term	Territory	Royalty or Payment	End-User Support Services		Marketing/Promotion		Training/Internal Support
									By Licensor	By Licensee	By Licensor	By Licensee	By Licensor
39	Corbel & Co./ Total Administrative Benefit Systems	Fidelity Investments Institutional Services	Quantech software	Use, reproduce, modify, display, distribute, create derivative works of product	Object and source code and documentation	4/10/96 perpetual	Worldwide	Lesser of \$25,000 or 25% of license fees (for two years)	Not discussed	Not discussed	Not discussed	Not discussed	Licensor will provide training and advisory services
40	Atari Games/ Time Warner Interactive	New World Interactive	Primal Rage PC CD-ROM	Localize, manufacture and distribute products; Licensor must approve manufacturing	Object code and trademarks	8/25/95-7/31/98	Mexico, Central America and South America	Per unit royalties until 10,000 units are sold; then 35% of Licensee wholesale price plus \$1.00 per blank CD	Not discussed	Not discussed	Not discussed	Licensee is responsible for marketing and promoting product	Not discussed
41	Ringling Multimedia	New World Interactive	Let's Pretend... Our World is a Playground software	Translate (into Spanish and Portuguese) and market product	Object code, artwork, sounds, voice script, updates	1/16/96 3 years	Geographical areas viable for sales of products	20% of invoice price for retail and OEM sales as adjusted for returns, restocking and credits (minimum royalty)	Not discussed	Not discussed	Not discussed	Not discussed	Licensor will review localized product
42	Mindscape	New World Interactive	Renegade	Translate (into Spanish), use, develop, reproduce, perform, display, distribute, market and publish product	Source code, trademarks	3/30/95 2 years	Central and South America and Mexico	Greater of \$5 per unit or 20% of gross revenues	Not discussed	Not discussed	Not discussed	Licensee is responsible for marketing and promoting product	Licensor will provide technical assistance by telephone
43	HyperQuest	New World Interactive	Astronomica CD-ROM	Localize (into Spanish and Brazilian Portuguese), replicate, package and distribute product	CD-ROM and trademarks	4/19/95 2 years	Mexico, Central and South America including Brazil	Minimum fixed fees plus 30% royalties for first three months; then until 3/31/97, 20% of gross retail revenues; 30% of revenues to OEMs less replication costs	Not discussed	Licensee provides support to end-users of product	Licensor must review all marketing materials before use	Licensee is responsible for marketing and promoting product	Licensor will provide technical and maintenance support as needed
44	Time Warner Interactive	New World Interactive	Thumbelina and Rise of the Robots	Localize (into Spanish and Portuguese), manufacture and distribute product	Software code and trademarks	2/17/95-5/31/98	Mexico, Central and South America	Per unit royalty up to 7,000 units; then 25% royalty of Thumbelina revenues; 30% of Thumbelina OEM	Not discussed	Licensee provides support to end-users of product	Not discussed	Licensee is responsible for marketing and promoting product	Not discussed
45	Software Toolworks	Ezony International	Megarace	Use, translate (into Spanish), prepare derivative works, reproduce, display, perform, distribute and market product	Source code and trademarks	3/31/94 2 years	Mexico, Central and South America	Greater of \$2 per unit or 20% of gross revenues; 50% of sublicense fees (no less than \$2 per unit)	Not discussed	Not discussed	Not discussed	Licensee is responsible for marketing and promoting product	Not discussed

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Microsoft Corporation - Eastern Silo
Attachment Two
Comparable Software Manufacture and Distribution Agreements (Third-Party)

#	Licensor	Licensee	Product	Activity	Items Licensed	Date/ Term	Territory	Royalty or Payment	End-User Support Services		Marketing/Promotion		Training/Internal Support
									By Licensor	By Licensee	By Licensor	By Licensee	By Licensor
46	Time Warner Interactive Group	Excony International	Hell Cab	Translate, manufacture, distribute	Object, documentation, trademarks	4/25/94 3 years	Mexico, Central and South America	Greater of \$7.50 per unit or 25% of net receipts plus \$1.13 for CDs purchased from Licensor	Not discussed	Not discussed	Not discussed	Not discussed	Not discussed
47	Software Toolworks	Excony International	World Atlas MPC (v5.0)	Translate, reproduce, market and publish onto CD-ROMs	Source code, documentation and trademarks	6/3/94 2 years	Mexico, Central and South America	Greater of \$2 per unit or 20% of gross revenues; 50% of sublicense fees (no less than \$2 per unit)	Not discussed	Not discussed	Not discussed	Licensee is responsible for marketing and promoting product	Not discussed
48	Pixel Perfect	New World Interactive	Home Medical Advisor (including Pro version)	Localize, publish, manufacture, copy, market and sell product	Executable files, documentation and trademarks	8/10/94 2 years	Mexico, Central and South America	For first two years, \$10 per unit; then 20% of sales (no less than \$6)	Not discussed	Not discussed	Not discussed	Licensee is responsible for marketing and promoting product; at least 10% of net profits must be devoted to marketing	Not discussed
49	Tangram Systems	Systems Center	AM:PM, Arbitrator components and add-ons	Lease, license, market, distribute and support on stand alone basis or with other products	Object code, documentation and trademarks	9/9/92 4 years	Worldwide	30% of net license revenue on first \$4 mil of net license revenues and 20% of net revenues over \$4 mil	Licensor will provide first and second level support for U.S. and Canadian customers and third level support to all customers	Licensee is responsible for first and second level support	Licensor will provide sales and marketing support	Licensee is responsible for marketing of product; Licensee will offer employment to no more than 14 of Licensor's sales representatives	Licensor will provide training and modifications to product
50	Take-Two Interactive Software, Inc.	Mindscape, Inc.	Software games and titles	Sell, promote, distribute, manufacture, and otherwise exploit the products	Video game software, trade names, trademarks, all artwork, textual material, and other materials related to the products	12/27/96 2 years	United States, Canada, and their respective territories and possessions	Between 20% - 60% of Licensee's net receipts	Licensor will provide technical support to end-users of the products	Not discussed	Licensor will provide all packaging design, public relations, and marketing for all products in consultation with Licensee	Licensee will implement co-op advertising programs devised by the Licensor; Licensee is responsible for other marketing activities	Licensor will provide licensee technical support and assistance regarding the products
51	Quadramed Corporation	Learned-Mahn, Inc.	Contract, a healthcare application software	Perpetual non-exclusive license to incorporate software into Licensee's products	Software, source code, and documentation, as well as subsequent versions.	11/1/1994 Perpetual	U.S. except in the states of New York, Maryland, Pennsylvania and New Jersey.	20% after the first 23 units sold	Licensee shall be billed by Licensor based on hourly rates for implementation support	Licensee shall be responsible for maintenance, technical support, and training of customers utilizing the LMMC module, latest and subs	Marketing materials may be provided by Licensor personnel; however, Licensee may develop its own marketing materials as long as LMMC is referenced to as a product of Licensor	Not discussed	Licensor shall provide direct support to Licensee for first 3 installations of the LMMC software at Licensee's client sites; Licensor will also provide reasonable second level technical assistance

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Microsoft Corporation - Eastern Silo
Attachment Two
Comparable Software Manufacture and Distribution Agreements (Third-Party)

#	Licensor	Licensee	Product	Activity	Items Licensed	Date/Term	Territory	Royalty or Payment	End-User Support Services		Marketing/Promotion		Training/Internal Support
									By Licensor	By Licensee	By Licensor	By Licensee	By Licensor
52	Personalized Programming	Systems Plus, Inc.	Computer software known as Medical Manager and any updates, upgrades and new versions of such program	Exclusive license to sublicense, use, reproduce, and distribute copies of the Program and of the Manual and other marketing materials and brochures	Object code, source code, manual, other documentation	11/15/82 and continue for two years with an automatic year-to-year extension.	Worldwide	25% of sale to dealers and distributors; 35% of sales to "large contractual sales," including OEMs	Not discussed	Licensee shall provide customer technical support during reasonable normal business hours to be specified by Licensee.	Not discussed	Licensee shall spend a minimum of \$10,000 per month on the promotion of Medical Manager. In general, Licensee shall use its "best efforts" to maximize its sales of the Program.	Licensor shall provide one training session to Licensee and additional training sessions upon the delivery of each new version and new product.
53	Sound Source Interactive, Inc.	Acclaim Distribution, Inc.	Video game and computer software	Manufacture (or arrange for), distribute, or otherwise sub-license software products	Software games designed for personal computers	6/15/95 - 5 years	Outside of North America	50% of net receipts	Licensor will provide warranty service and phone tech support to end-users	Not discussed	Licensor is solely responsible for localizing and translating software products; will provide packaging and manuals at Licensor's actual cost	Licensee	Licensor will correct any software errors at no charge; Licensor will provide phone support
54	Legend Entertainment Inc. Corp.	Take-Two Interactive Software, Inc.	Software devices embodying Callahan's Cross Time Saloon, a computer video game	Manufacture, sell, distribute, and otherwise exploit video game software	Computer software, the licensor's trademarks, designs, graphics, artwork, and other characteristics of the video game	10/3/96 - 5/10/99	Worldwide	25% of sales from CDs; 50% of sales through bundling agreements; 5% of sales for console video game and portable machines; 1% of sales from video arcade machines	Not discussed	Not discussed	Not discussed	Licensee is responsible for marketing and promoting product	Not discussed
55	Take-Two Interactive Software, Inc.	Acclaim Entertainment, Inc.	Software devices embodying Advanced Dungeons & Dragons Iron & Blood: Ravenloft	Manufacture, sell, distribute, and otherwise exploit video game software	Video game software product, localized versions, documentation, trademarks, designs, graphics, artwork, strategy guides, and clue books	8/23/1996 - 3 years	Worldwide except for the United States, Canada, Mexico, and Japan	21% of sales of Saturn or PC versions; 25% of sales of PSX version in the U.S.; 17% of sales outside the U.S.	Not discussed	Not discussed	Not discussed	Licensee will develop marketing and promotional material but approved by Licensor	Not discussed
56	Mindscape, Inc.	New World Interactive, Inc.	Software code, instruction/user manuals, packaging copy and artwork, diskette labels and promotional materials.	Exclusive right to use, translate and prepare derivative works and non-exclusive rights to related materials	Software code, documentation, trademarks (non-exclusive) and copyrights.	8/28/96 - 12/30/98	Mexico, Central America and South America	Advance of \$215K, greater of \$5.00 per unit or 20% of gross revenues for fully localized versions; greater of \$5.00 per program or 30% of gross revenues for partially localized versions	Not discussed	Not discussed	Not discussed	Licensee will be responsible for promoting software products	Licensor shall provide reasonable telephone technical assistance regarding the use, operation, and translation of the programs

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Microsoft Corporation - Eastern Silo
Attachment Two
Comparable Software Manufacture and Distribution Agreements (Third-Party)

#	Licensor	Licensee	Product	Activity	Items Licensed	Date/Term	Territory	Royalty or Payment	End-User Support Services		Marketing/Promotion		Training/Internal Support
									By Licensor	By Licensee	By Licensor	By Licensee	By Licensor
57	SEEC, Inc.	Viasoft, Inc.	COBOL Analyst, add-ons, COBOL dialog options, Bundled COBOL Analyst, any forthcoming COBOL maintenance products	Market, sell, sub-license, and transfer products directly to end-users	Computer programs, documentation, hardware and software security devices or security codes	11/29/93 5 years	United States, Canada, Germany, Spain, Benelux, and India	30% sublicense and maintenance fees from end-users or sub-distributors	Licensor will be responsible for high impact problems, product errors, low priority product problems, enhancement requests	Licensee will be responsible for critical product problems	Licensor will provide licensee sales and customer training materials, and PC demos	Licensee will develop at its own cost, product documentation, sales, and other collateral materials	Licensor will provide licensee five person-days of on-site telesales support, five person-days of on-site direct sales support, ten person-days of on-site customer support, ten person-days of on-site technical assistance
58	SEEC, Inc.	ERA Software Systems Private Limited	Data storage, modeling, analysis, and engineering software systems	Market and sub-license to end-users and other sub-licensees	Software systems/products and respective manuals	3/1/1996 3 years	India	Licensee will pay Licensor 40% of suggested of International list price for first 180 days; 50% thereafter	Not discussed	Licensee is responsible for providing all technical and customer support	Licensor is responsible for marketing products	Licensee will promote/market products	Licensor will provide 3 days of technical support and training for licensee's personnel; licensor will provide telephone support to the licensee's product manager
59	Planning Sciences International Ltd.	Praetor	Gentium Software user and server sub-licenses	Promote, market, and sub-license software product	Software disks and documentation; trademarks	3/1/94 2 years	Portugal	50% of standard list price and 50% of annual recurring support or maintenance fees	Not discussed	Licensee will provide its customers with support and maintenance for the products in accordance with the licensor's directions	Licensor will provide 50 copies of the current marketing material exclusive of carriage costs	Licensee is responsible for marketing and promoting product	Licensor will provide substitute media if products are defective and beyond the repair of the licensee; licensor will also provide one full product training course for appropriate employees of the licensee; licensor will provide ongoing support
60	Planning Sciences International Ltd.	Yoram Levin - Decision Systems	Gentium Software user and server sub-licenses	Promote, market, and sub-license software product	Software disks and documentation; trademarks	1/6/95 1 year	Israel	50% of standard list price and 50% of annual recurring support or maintenance fees	Not discussed	Licensee will provide its customers with support and maintenance for the products in accordance with the licensor's directions	Licensor will provide 50 copies of the current marketing material exclusive of carriage costs	Licensee is responsible for marketing and promoting product	Licensor will provide substitute media if products are defective and beyond the repair of the licensee; licensor will also provide one full product training course for appropriate employees of the licensee; licensor will provide ongoing support
61	Planning Sciences Plc.	ICL (SA) (PTY) Ltd.	Gentium Software user and server sub-licenses	Promote, market, and sub-license software product	Software disks and documentation; trademarks	3/1/94 1 year	Southern Africa	50% of standard list price and 50% of annual recurring support or maintenance fees	Not discussed	Licensee will provide its customers with support and maintenance for the products in accordance with the licensor's directions	Licensor will provide 50 copies of the current marketing material exclusive of carriage costs	Licensee is responsible for marketing and promoting product	Licensor will provide substitute media if products are defective and beyond the repair of the licensee; licensor will also provide one full product training course for appropriate employees of the licensee; licensor will provide ongoing support

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Microsoft Corporation - Eastern Silo
Attachment Two
Comparable Software Manufacture and Distribution Agreements (Third-Party)

#	Licensor	Licensee	Product	Activity	Items Licensed	Date/Term	Territory	Royalty or Payment	End-User Support Services		Marketing/Promotion		Training/Internal Support
									By Licensor	By Licensee	By Licensor	By Licensee	By Licensor
62	Planning Sciences International Ltd.	ADEMIS	Gentium Software user and server sub-licenses	Promote, market, and sub-license software product	Software disks and documentation; trademarks	12/1/94 1 year	France	50% of standard list price and 50% of annual recurring support or maintenance fees	Not discussed	Licensee will provide its customers with support and maintenance for the products in accordance with the licensor's directions	Licensor will provide 50 copies of the current marketing material exclusive of carriage costs	Licensee is responsible for marketing and promoting product	Licensor will provide substitute media if products are defective and beyond the repair of the licensee; licensor will also provide one full product training course for appropriate employees of the licensee; licensor will provide ongoing support
63	Planning Sciences International Ltd.	International Computers Limited	Gentium Software user and server sub-licenses	Promote, market, and sub-license software product	Software disks and documentation; trademarks	2/1/94 2 years	Czech & Slovak Republic, Poland	50% of standard list price and 7.5% of annual recurring support or maintenance fees	Not discussed	Licensee will provide its customers with product support	Licensor will provide 50 copies of the current marketing material exclusive of carriage costs	Licensee is responsible for marketing and promoting product	Licensor will provide licensee education and training at no charge; licensee will also provide on-site support for the product list price less 10% plus expenses
64	Midsoft Corporation	CPS Computer Distribution GmbH	Midsoft Studio for Windows 3.0, Midsoft Studio	Resell as an independent distributor	Software product		Germany, Austria, Switzerland	\$100 per unit of German version, 45% royalty for English version	Not discussed	Not discussed	Not discussed	Not discussed	Not discussed
65	Midsoft Corporation	Ingrain Micro Inc.	Midsoft Studio for Windows 3.0, Studio for Windows with MIDI Interface, Multimedia products, various other products	Sell and distribute	Various software products	7/14/92	Nonexclusive worldwide	40% to 50% , depending on product	Not discussed	Ingrain will provide product technical assistance to its customers	Not discussed	Ingrain will advertise and/or promote the products; Midsoft will allow up to 5% of invoice amounts for advertising costs	Midsoft will provide support and training in sale and use of products to Ingram's employees and customers, if requested
66	Midsoft Corporation	Merisel Inc.	Midsoft Studio for Windows 3.0, Studio for Windows with MIDI Interface, Multimedia products, various other products	non-exclusive distribution rights	Software products, trademarks, trade names	8/26/91	Nonexclusive worldwide	40% to 50% , depending on product	Not discussed	Not discussed	Not discussed	Licensee will advertise and/or promote the products; Midsoft will allow up to 5% of invoice amounts for advertising costs	Licensor will provide licensee technical support and three sets of product documentation
67	INTEXT Systems	PaperClip Software	Software Object codes	Worldwide, nonexclusive license to use, copy, reproduce, translate, and distribute and market binary copies of technology integrated into the Product	Object code	6/30/1996 one year	Worldwide	60% of List Price	Not discussed	Licensee will provide end-user support. Licensee may charge an end-user support fee at its sole discretion	Not discussed	Licensee will promote and market the products; Licensee will submit to Licensor marketing and support plans	Licensor will provide paid training and support

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Microsoft Corporation - Eastern Silo
Attachment Two
Comparable Software Manufacture and Distribution Agreements (Third-Party)

#	Licensor	Licensee	Product	Activity	Items Licensed	Date/Term	Territory	Royalty or Payment	End-User Support Services		Marketing/Promotion		Training/Internal Support
									By Licensor	By Licensee	By Licensor	By Licensee	By Licensor
68	A.D.A.M. Software Inc.	Mindscape Inc.	interactive entertainment software products	Exclusive distribution and marketing software products through retail and OEM licensing, retail direct marketing, except healthcare market	A.D.A.M. The Inside Story 1997 Edition, Nine Month Miracle, Life's Greatest Mysteries, Medical Housecall, Pediatric Housecall, Medical Housecall, ATIS	initial term: 3/1/97 and expires 12/31/98; if minimum royalties are met, renewal for a period of two years	Worldwide	Recoupable advance of \$275,000, 20% to 23%, depending on product, with an increase to 25% after \$1 million in gross sales; 25% on sales to OEMs	Not discussed	Licensee shall be solely responsible for providing technical support for all end-users	Licensor will provide Licensee with reasonable cooperation and support in marketing and efforts	Licensee will use reasonable efforts to promote and market the products; Licensee will submit sales plans to Licensor	Licensor will provide technical support and assistance throughout the term of this agreement
69	Accolade, Inc.	New World Interactive	interactive entertainment software products	Localize, manufacture, promote, market, and distribute products in Latin America	Eradicator, Test Drive Off Road	Two years effective 2/28/1997; automatic renewal for two year periods	Latin America (Mexico, Central America, South America, and the Caribbean)	\$10.00 per unit of Eradicator; 33% of wholesale revenue for all other titles; Advances of \$100,000 for each title	Not discussed	Licensee will provide service and support for all localized products	Not discussed	Licensee is responsible for advertising and marketing products	Not discussed
70	Interplay Productions	New World Interactive	software codes	Market, distribute, license, maintain, localize, and support products	M.A.X., Starfleet Academy, MDK	3/12/97	Mexico, South America	Advance of \$255,000 recoupable against future royalties; greater of 35% or \$8.00 for partially localized versions; greater of 25% or \$8.00 for first 10,000 units of fully localized versions and 35% thereafter	Not discussed	Not discussed	Licensor will provide reasonable marketing support including press releases, magazine advertisements, and reviews	Licensee shall submit to Licensor quarterly marketing packages	Not discussed
71	FileNet Corp.	Novell, Inc.	Ensemble and Visual Workflo	nonexclusive and non-transferable rights to use, reproduce, and distribute products	workflow software programs	5/16/99; in perpetuity	Worldwide	2 to 5 percent of the suggested list price; or 50 percent of the minimum royalty amount of \$1 million	Not discussed	Licensee will provide all support, training, and education for the products	Not discussed	Licensor's marketing group will be responsible for and manage marketing efforts for the products	Licensor will provide engineering support to cure defects
72	Broderbund Software, Inc.	New World Interactive, Inc.	Logical Journey of the Zoombinis; Math Workshop; Where in the World is Carmen San Diego?	exclusive rights to localize, manufacture, and distribute the products	CD-ROM software programs	12/19/96; two years		20 to 30 percent for retail royalty, depending on product line; 40 percent of net revenue for OEM	Not discussed	Licensee will provide warranty and technical support services for its customers	Not discussed	Licensee will actively market and promote the products	Not discussed

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Microsoft Corporation - Eastern Silo
Attachment Two
Comparable Software Manufacture and Distribution Agreements (Third-Party)

#	Licensor	Licensee	Product	Activity	Items Licensed	Date/ Term	Territory	Royalty or Payment	End-User Support Services		Marketing/Promotion		Training/Internal Support
									By Licensor	By Licensee	By Licensor	By Licensee	By Licensor
73	The Software Toolworks, Inc.	New World Interactive, Inc.	Dragon Lore	exclusive license to use, translate, and prepare derivative works of the program	CD-ROM software programs	9/30/94; two years	Mexico, Central America and South America	20% of gross revenue from the product	Not discussed	Not discussed	Not discussed	Licensee will actively market and promote the publishing and licensing of the	Not discussed
74	Ringling Multimedia	New World Interactive, Inc.	"Let's Pretend - Space Is Our Playground"	exclusive license to translate or localize and distribute the product in Spanish or Portuguese	software program	4/19/96; three years	geographical areas viable for sales of products in Spanish and Portuguese	20% of the invoice price actually collected for all retail and OEM units of the product	Not discussed	Not discussed	Not discussed	Licensee will market the product	Not discussed
75	Ringling Multimedia	New World Interactive, Inc.	"Let's Pretend, Volume III - Many Lands, Many Playgrounds"	exclusive license to translate or localize and distribute the product in Spanish or Portuguese	software program	9/10/1999; three years	geographical areas viable for sales of products in Spanish and Portuguese	20% of the invoice price actually collected for all retail and OEM units of the product	Not discussed	Not discussed	Not discussed	Licensee will market the product	Not discussed

CALCULATION OF ARM'S-LENGTH RANGE OF ROYALTIES

Minimum	1.00%
First Quartile	20.00%
Average	32.22%
Median	25.00%
Third Quartile	50.00%
Maximum	60.00%

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